PRESS RELEASE
DECEMBER 14, 2017

THE BOARD OF DIRECTORS APPROVED DEVELOPMENT PLANS AND LONG TERM INCENTIVE PROGRAM

The Board of Directors at the today's meeting approved the mid-term development plan ('Key budget indicators of the LUKOIL Group for 2018-2020').

The plan is based on the conservative $50 per barrel oil price scenario. Sustainable hydrocarbon production growth is planned in the Upstream business segment along with the growth in the share of high-margin projects in the overall production. In the Downstream business segment, the focus is on the improvement of operating efficiency and selective investment projects targeted at the enhancement of product slate.

The Board of Directors also approved the Strategic Development Program of the LUKOIL Group for 2018-2027, which is aimed at balanced sustainable business development in the changing macro environment. The main priorities are strong investment discipline, conservative financial policy, cost control, increasing operating efficiency, sustainable dividends growth, minimization of environmental impact and ensuring labor health and safety.

The Board of Directors also approved the Regulation on the long term incentive program for key employees of LUKOIL group for 2018-2022, Annual Audit and Consulting Engagements Plan for the internal audit service of the Company in 2018. Amendments to the Director Compensation and Expense Reimbursement Policy and to the Procedure for the remuneration and reimbursement of expenses of members of the Board of Directors and Audit Commission of PJSC "LUKOIL' were also approved.

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